

Senate Joint Resolution 12 - Introduced

SENATE JOINT RESOLUTION 12
BY DIX, KETTERING, JOHNSON,
SORENSEN, WARD, HOUSER,
SEYMOUR, BEHN, MCKINLEY,
BOETTGER, BACON, SMITH,
GREINER, KAPUCIAN,
FEENSTRA, HAHN, ANDERSON,
BERTRAND, HAMERLINCK, and
ERNST

SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution
2 of the State of Iowa providing for a general state revenue
3 expenditure limitation.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. The following amendment to the Constitution of
2 the State of Iowa is proposed:

3 The Constitution of the State of Iowa is amended by adding
4 the following new section to new Article XIII:

5 ARTICLE XIII.

6 EXPENDITURE LIMITATION.

7 **General state revenue expenditure limitation. SECTION 1.**

8 1. For the purposes of this section:

9 *a. "Adjusted revenue estimate"* means the most recent
10 revenue estimate determined before January 1, or a later and
11 lesser revenue estimate determined before adjournment of the
12 regular session of the general assembly, for the general
13 state revenue for the following fiscal year as determined by
14 a revenue estimating conference which shall be established by
15 the general assembly by law, adjusted by subtracting estimated
16 refunds payable from that estimated revenue and adding any
17 available surplus in accordance with subsection 6. However,
18 if the general assembly holds an extraordinary session prior
19 to the commencement of the fiscal year to which the revenue
20 estimate applies and before or during the extraordinary session
21 the revenue estimating conference determines a lesser revenue
22 estimate, the lesser estimate shall be used for the adjusted
23 revenue estimate.

24 *b. "General state revenue"* means taxes, fees, and other
25 revenues credited to the state treasury and subject to
26 appropriation by law. *"General state revenue"* does not include
27 any of the following:

28 (1) Federal funds.

29 (2) Motor vehicle fees and fuel taxes identified by this
30 constitution.

31 (3) Fish and wildlife protection funds identified by this
32 constitution.

33 (4) Moneys credited to the natural resources and outdoor
34 recreation trust fund created by this constitution.

35 (5) Moneys credited to the permanent fund for the state

1 university, the perpetual support fund, or other school fund
2 identified by this constitution.

3 (6) Donations.

4 (7) Moneys expended from a state retirement system.

5 (8) Any other tax, fee, revenue, or fund specifically
6 enumerated in or protected by this constitution.

7 *c. "New general state revenue"* means moneys which are
8 received by the state and credited as general state revenue due
9 to increased tax rates or fees or newly created taxes or fees
10 over and above those moneys which are received due to state
11 taxes or fees which are in effect as of January 1 following the
12 most recent meeting of the state revenue estimating conference.
13 *"New general state revenue"* also includes moneys credited as
14 general state revenue due to new transfers over and above those
15 moneys credited as general state revenue due to transfers
16 which are in effect as of January 1 following the most recent
17 meeting of the state revenue estimating conference. The state
18 revenue estimating conference shall determine the eligibility
19 of transfers of moneys to be credited as general state revenue
20 which are to be considered as new revenue in determining the
21 general state revenue expenditure limitation.

22 *d. "Surplus"* means the cumulative excess of revenues and
23 other financing sources over expenditures and other financing
24 uses for the general state revenue at the end of a fiscal year.

25 2. A general state revenue expenditure limitation is
26 created and calculated in subsection 3, for each fiscal year
27 beginning on or after July 1 following the effective date of
28 this section.

29 3. Except as otherwise provided in this section, the general
30 state revenue expenditure limitation for a fiscal year shall be
31 ninety-nine percent of the adjusted revenue estimate.

32 4. The general state revenue expenditure limitation shall
33 be used by the governor in the preparation and approval of the
34 budget and by the general assembly in the budget process.

35 5. If a new general state revenue source is proposed, the

1 budget revenue projection used for that new general state
2 revenue source for the period beginning on the effective date
3 of the new general state revenue source and ending in the
4 fiscal year in which the source is included in the adjusted
5 revenue estimate shall be ninety-five percent of the amount
6 remaining after subtracting estimated refunds payable from the
7 projected revenue from that source. If a new general state
8 revenue source is established and implemented, the original
9 general state revenue expenditure limitation amount provided
10 for in subsection 3 shall be readjusted to include ninety-five
11 percent of the estimated revenue from that source.

12 6. Any surplus existing at the end of a fiscal year which
13 exceeds ten percent of the adjusted revenue estimate of
14 that fiscal year shall be included in the adjusted revenue
15 estimate for the following fiscal year. Any surplus equal to
16 ten percent or less of the adjusted revenue estimate of the
17 fiscal year may be included in the adjusted revenue estimate
18 for the following fiscal year if approved in a bill receiving
19 the affirmative votes of at least three-fifths of the members
20 elected to each house of the general assembly.

21 7. The scope of the general state revenue expenditure
22 limitation under subsection 3 shall include any portion of an
23 appropriation subject to a general state revenue expenditure
24 limitation for a previous fiscal year that remains authorized
25 for expenditure in the fiscal year to which the expenditure
26 limitation under subsection 3 is applicable.

27 8. The governor shall submit and the general assembly shall
28 pass a budget which does not exceed the general state revenue
29 expenditure limitation. The governor shall not approve or
30 disapprove appropriation bills or items of appropriation bills
31 passed by the general assembly in a manner that would cause the
32 final budget approved by the governor to exceed the general
33 state revenue expenditure limitation.

34 9. The governor shall not submit and the general assembly
35 shall not pass a budget for general state revenue which in

1 order to balance assumes reversion of any part of the total of
2 the appropriations included in the budget.

3 10. The state shall use consistent standards, in accordance
4 with generally accepted accounting principles, for all state
5 budgeting and accounting purposes.

6 11. The general assembly shall enact laws to implement this
7 section.

8 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
9 amendment to the Constitution of the State of Iowa is referred
10 to the general assembly to be chosen at the next general
11 election for members of the general assembly, and the secretary
12 of state is directed to cause it to be published for three
13 consecutive months previous to the date of that election as
14 provided by law.

15 EXPLANATION

16 This joint resolution proposes an amendment to the
17 Constitution of the State of Iowa relating to state budgets.

18 The amendment provides for a general state revenue
19 expenditure limitation. The amount of the limitation is 99
20 percent of the adjusted revenue estimate. The amendment
21 defines adjusted revenue estimate and requires that that
22 estimate be determined by a revenue estimating conference
23 which is to be created by the general assembly by law. The
24 amendment requires that the expenditure limitation be used by
25 the governor in preparation of the governor's budget and by
26 the general assembly in the budget process. The governor is
27 prohibited from approving or disapproving of appropriations
28 in a manner that would cause the final budget approved by the
29 governor to exceed the expenditure limitation.

30 The amendment also provides that, if a new general state
31 revenue source is established and implemented, 95 percent of
32 the estimate of that new revenue shall be included in the
33 expenditure limitation.

34 The amendment also requires that the amount of any surplus
35 which exceeds an amount equal to 10 percent of the adjusted

1 revenue estimate be included in the adjusted revenue estimate
2 for the following fiscal year. Any surplus which is equal
3 to 10 percent or less of the amount of the adjusted revenue
4 estimate may be included in the following year's adjusted
5 revenue estimate if inclusion is approved in a bill by
6 three-fifths of the members elected to each house of the
7 general assembly.

8 The scope of the expenditure limitation encompasses
9 any portion of an appropriation previously subject to an
10 expenditure limitation which remains authorized for expenditure
11 in the fiscal year to which the expenditure limitation being
12 addressed applies.

13 The amendment also requires the state to use generally
14 accepted accounting principles for state budgeting and
15 accounting purposes. The amendment provides that the general
16 assembly shall enact laws to implement the amendment.

17 The resolution, if adopted, will be referred to the next
18 general assembly. If the next general assembly adopts the
19 resolution, the amendment will be submitted to the voters for
20 ratification.